

ARRA: The American Recovery and Reinvestment Act of 2009 (ARRA), commonly known as the Economic Stimulus Package, will make funds available to states and school districts to save teaching jobs, help states address budget deficits, improve student achievement and promote education reform.

The US Department of Education (ED) identifies priorities for ARRA:

- (1) adopting rigorous college- and career-ready standards and high-quality assessments;
- (2) establishing data systems and using data for improvement;
- (3) increasing teacher effectiveness and equitable distribution of effective teachers; and
- (4) turning around the lowest-performing schools.

School Improvement: School improvement funds come from two sources under ESEA, or the No Child Left Behind Act. Under Title I, Part A, section 1003(a), states must set aside 4% of their regular Title I, Part A grants to assist schools that are identified as needing improvement¹ because they did not meet state targets for adequate yearly progress. The second source is the School Improvement Grants subprogram, section 1003(g), also under Title I, Part A. Each SEA must submit an application to ED to receive School Improvement Grants, 1003(g) and must award subgrants to LEAs with schools in improvement, corrective action, or restructuring based on the accountability requirements of No Child Left Behind. Both of these existing ESEA school improvement programs benefit from supplemental funding through the ARRA.

School Improvement, Title I, Part A 4% reservation, 1003(a): In FY 2009, ARRA provides \$10 billion in additional Title I, Part A funds to LEAs to help improve teaching and learning for students most at risk of failing to meet state academic achievement standards. The regular FY 2009 allocation for Title I, Part A is \$14.5 billion. For both regular and ARRA Title I, Part A appropriations, each state must set aside 4% of the funds for school improvement. From the 4% reservation, a state must allocate at least 95% directly to LEAs for school improvement, corrective action, or restructuring activities. An SEA may retain up to 5% of the grant amount for administration, evaluation, and technical assistance expenses.

School Improvement Grants, 1003(g): The regular FY 2009 allocation for School Improvement Grants, 1003(g) is \$545.6 million. ARRA provides an additional \$3 billion in formula grants to state educational agencies (SEAs) to fund local school improvement activities that are required of the Title I school that do not make adequate yearly progress for at least two consecutive years, including high schools and their feeder schools (middle schools). Only local education agencies (LEAs) with one or more Title I schools identified for improvement, corrective action, or restructuring are eligible to receive School Improvement Grants, 1003(g). A state must allocate at least 95% directly to LEAs for school improvement, corrective action, or restructuring activities. An SEA may retain up to 5% of the grant amount for administration, evaluation, and technical assistance expenses. *Final guidelines for School Improvement Grants, 1003(g) will be released in late fall, 2009.*

For all School Improvement funds, states must give priority to the districts that demonstrate the greatest need for the funds and the strongest commitment to using the funds to help the lowest-achieving schools meet AYP goals. Measures have been revised to assess the effectiveness of the ARRA School Improvement Grants 1003(g). The measures can be found at: http://www.recovery.gov/?q=content/program-plan&program_id=7558

¹Title I schools that fail to make AYP for 2+ consecutive years are "in improvement". Individual State Department of Education's website are the best source for information on which schools are "in improvement".

All 1003(a) and 1003(g) ARRA School Improvement spending must be consistent with the current Title I, Part A program regulations. Because there is an expectation that ARRA is a onetime funding resource, ED recommends that districts invest the funds to implement strategies that will help build sustainable capabilities for education reforms. ED recommended uses for School Improvement funds include:

- providing professional development for teachers and staff.
- developing school improvement plans.
- implementing a new curriculum, alternative governance or a restructuring plan.
- offering public school choice and supplemental education services.
- building state and local capacity to improve achievement in Title I schools, including high schools and their feeder schools (middle schools).

Note: FY 2009 regular 1003(g) funds will be combined with ARRA School Improvement funds. Additional guidance, including restrictions and prescriptions on the use of 1003(g) funds, is expected from ED.

Identifying the Lowest Achieving Title I Schools: For School Improvement Grants, 1003(g), ED requires each SEA to identify three tiers of schools:

- Tier I: Lowest achieving five percent of Title I schools in improvement, corrective action, or restructuring in the state.
- Tier II: *Equally low-achieving secondary schools (both middle and high schools) in the state that are eligible for, but do not receive, Title I funds.*
- Tier III (if sufficient funding): The remaining Title I schools in improvement, corrective action, or restructuring that are not Tier I schools in the state.

Supporting Only the Most Rigorous Interventions: ED is requiring that an LEA use 1003(g) School Improvement Grants to implement one of four specific interventions to improve the management and effectiveness of low-achieving schools.

- Turnaround model, which could include, among other actions, replacing the principal and at least 50 percent of the school's staff, adopting a new governance structure, and *implementing a new or revised instructional program.*
- Restart model, in which an LEA would close the school and reopen it under the management of a charter school operator, a charter management organization (CMO), or an educational management organization (EMO) that has been selected through a rigorous review process.
- School closure, in which an LEA would close the school and enroll the students who attended the school in other, high-achieving schools in the LEA.
- Transformational model, which would address four specific areas critical to transforming the lowest-achieving schools:
 - Develop teacher and leader effectiveness.
 - Comprehensive instructional programs using student achievement data.*
 - Extend learning time and create community-oriented schools.
 - Provide operating flexibility and intensive support.

An LEA with nine or more Tier I and Tier II would not be able to implement the same intervention in more than 50 percent of those schools.

School Improvement Funds Allocations, Awards, and Timelines: Over the next two years, states will receive \$10 billion in stimulus funds for Title I, Part A, of which 4% must be reserved for school improvement activities. Also, ARRA will contribute an additional \$3 billion to the regular School Improvement Grants program in FY 2009. In order to receive School Improvement funds under section 1003(g), states must submit an amended state plan that outlines the criteria the state will use to identify which eligible LEAs will receive funds, how much those LEAs will receive, and how the state will ensure that the funds awarded will be used to address one or more short-term outcome measures and improve student achievement. All School Improvement (1003(a) and 1003(g) funds are available for obligation through September 30, 2011. In order to make 1003 (g) grants that are renewable for 2 additional years, the Secretary will waive the limitation on the period of availability beyond September 30, 2011.

Funding Source	Funding Estimates	Timeline for School Improvement Funds Release to States
Regular FY 2009 Appropriation – Title I, Part A 4% reservation, 1003(a)	\$579.7 million (4% of \$14.5 billion)	<input type="checkbox"/> July 1, 2009 (\$146 million, 4% of \$3.65 billion) <input type="checkbox"/> On or around September 1, 2009 \$433.6 million, 4% of \$10.8 billion)
ARRA – Title I, Part A 4% reservation, 1003(a)	\$400 million (4% of \$10 billion)	<input type="checkbox"/> On April 1, 2009 (\$200 million) <input type="checkbox"/> On or around September 1, 2009 (\$200 million) (after states submit more detailed plans for meeting SFSF policy assurances)
Regular FY 2009 School Improvement Grants, 1003(g)	\$545.6 million	<input type="checkbox"/> Regular funds will be combined with ARRA funds and are not expected to be available until December, 2009 or early 2010
ARRA- School Improvement Grants, 1003(g)	\$3 billion	<input type="checkbox"/> ARRA funds will be combined with regular funds and are not expected to be available until December, 2009 or early 2010

Title I, Part A allocations and School Improvement Grant 1003(g) allocations can be found at: <http://www.ed.gov/about/overview/budget/statetables/index.html> or on the individual state's Department of Education Recovery website.

School Improvement Funds Flexibility Options:

School Improvement funds 1003(a) and 1003(g) may be combined to provide support to LEAs with schools in improvement. There are some differences in the regulations that govern allocations from each section:

Title I, Part A 4% reservation, 1003(a)	School Improvement Grants, 1003(g)
Includes authority to allocate unused funds to LEAs under the regular Title I, Part A formula or under the SEA's reallocation procedures. For example, if an SEA has sufficient 1003(g) funds for school improvement activities based on the state's priorities, it may have "unused" 1003(a) funds that can then be reallocated to LEAs in improvement with no schools in improvement, or with schools on the SEA's "watch list."	No such authority. Therefore, an SEA may want to allocate section 1003(g) funds before allocating the reservation under 1003(a). See note below.
Must be used only in or on behalf of Title I schools that are in improvement, corrective action, or restructuring (unless re-allocated under section 1003(d) <i>Unused Funds</i> , see example above)	May be used for two additional years in or on behalf of schools that have exited improvement that previously received 1003(g) funds
No restriction on amount to LEAs per school	\$50,000 award minimum and \$500,000 maximum to LEAs on behalf of each participating school

Note: Because regular FY 2009 1003(g) funds will be combined with ARRA School Improvement Grants, additional guidance, restrictions, and prescriptions on the use of those funds is expected from ED.

Because of the delayed release of the FY 2009 1003(g) funds, the Secretary of Education strongly encourages Chief State School Officers to allocate the 1003(a) funds to LEAs with the lowest performing schools *now* "to provide the resources to ensure that those LEAs are ready to implement the proposed interventions." Although not every LEA that receives 1003(a) funds will receive 1003(g) funds, using 1003(a) funds now sets "the conditions for reform" and allows the LEAs and schools that do receive 1003(g) funds "to move more quickly in implementing the interventions as soon as they receive their funds."

The full text of the policy letter is available: <http://www.ed.gov/policy/elsec/guid/secletter/090827.html>

Special Considerations:

Supplement, not supplant: The principle of “supplement, not supplant” applies to Title I, Part A 1003(a) and School Improvement 1003(g) funds. A school district may only use federal funds to supplement funds that would be made available from non-federal sources for the education of participating students. School districts may not use federal program funds, e.g., Title I, Part A to supplant—take the place of—funds from non-federal sources. Under certain circumstances, including cases of severe budget shortfalls, an LEA may be able to establish compliance with the “supplement, not supplant” requirement.

Maintenance of Effort. Maintenance of Effort (MOE) is a federal requirement that school districts maintain a certain level of state/local fiscal effort to be eligible for full participation in Title I, Part A, section 1003(a) and 1003(g) (and other federal grant programs). School districts not meeting MOE requirements could face the loss of a portion of their federal funds. The standard for determining whether the MOE requirement has been met for Title I, Part A is that the school district expends, in total or per capita, 90% of the second preceding year’s level.

With prior approval from the Secretary, a state or LEA may treat SFSF funds used for elementary or secondary education as non-federal funds for purposes of determining whether the state or LEA has met the Title I, Part A maintenance of effort requirement. Specific guidance on this requirement is available at: <http://www.ed.gov/policy/gen/leg/recovery/programs.html> under Title I Guidance, dated April, 2009.

For further information on Education programs included in the American Recovery and Reinvestment Act of 2009, including Title I, Part A and School Improvement Grants see:

<http://www.ed.gov/policy/gen/leg/recovery/programs.html>

The ARRA Title I, Part A guidance and fact sheet, which include information on section 1003(a) school improvement activities, and the School Improvement Grants 1003(g) fact sheet are available at this site.

Note: The Secretary of Education is inviting requests for Title I, Part A waivers that include permitting an LEA with one or more schools in improvement to offer SES, in addition to public school choice, to eligible students in Title I schools in the first year of school improvement. *Draft* guidance on these waivers can be viewed at <http://www.ed.gov/programs/titleiparta/title-i-waiver.doc>